

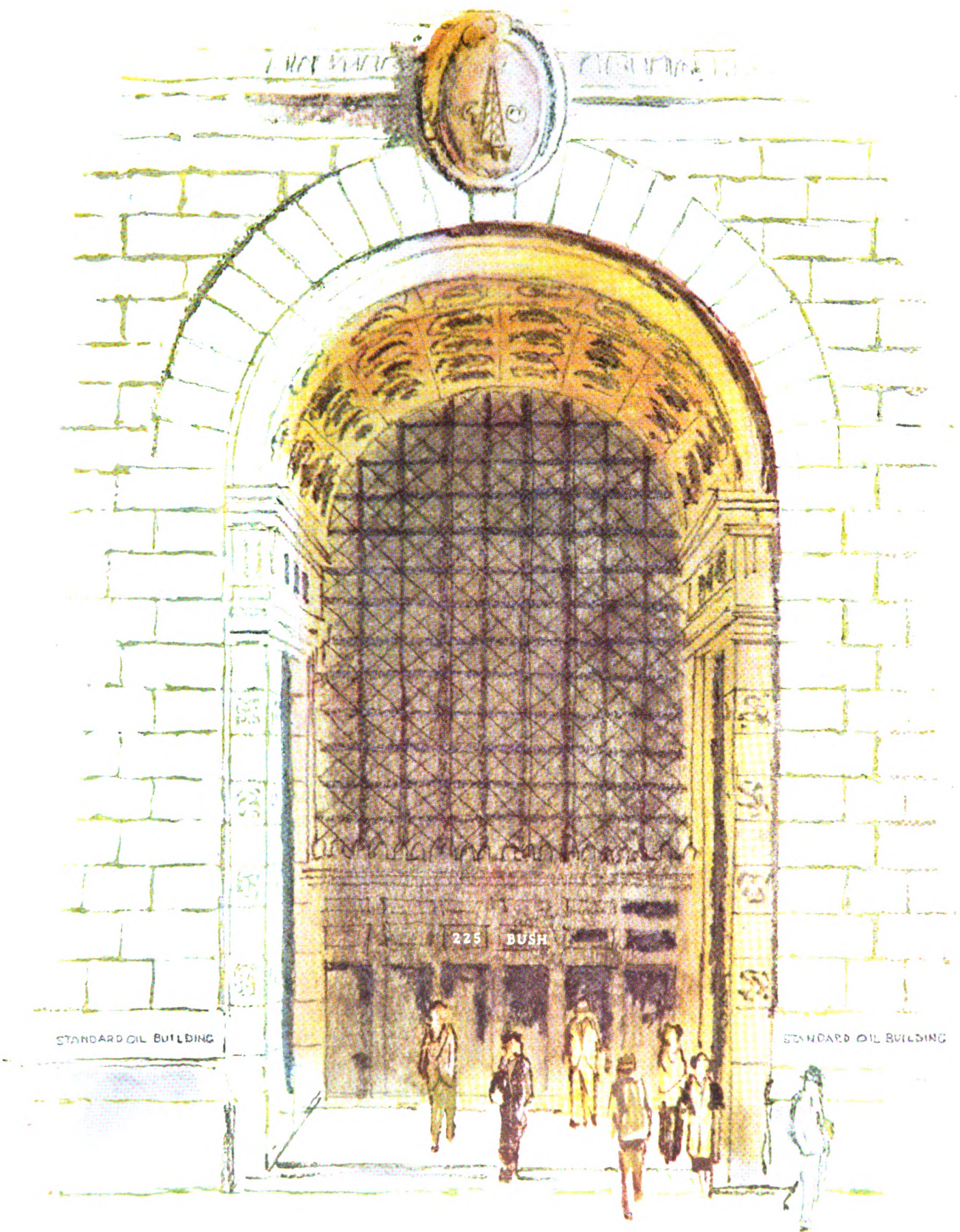
39

Annual Report

1951



STANDARD OIL COMPANY OF CALIFORNIA



MAIN ENTRANCE OF HOME OFFICE BUILDING

STANDARD OIL COMPANY OF CALIFORNIA

(Incorporated in Delaware)

BOARD OF DIRECTORS

HILLYER BROWN	F. S. BRYANT	H. D. COLLIER
R. G. FOLLIS	A. N. KEMP	B. W. LETCHER
GAGE LUND	ATHOLL McBEAN	E. J. McCLANAHAN
ROBERT W. MILLER	T. S. PETERSEN	PAUL PIGOTT

OFFICERS

R. G. FOLLIS	Chairman of the Board	E. J. McCLANAHAN	Vice-President
T. S. PETERSEN	President	G. J. O'BRIEN	Vice-President (Los Angeles)
W. H. BEEKHUIS	Vice-President	G. L. PARKHURST	Vice-President
HILLYER BROWN	Vice-President	E. R. PETERSON	Vice-President
F. S. BRYANT	Vice-President	C. R. McMILLIN	Ass't Vice-President
K. H. CRANDALL	Vice-President	G. M. FOSTER	Secretary
G. A. DAVIDSON	Vice-President	H. C. JUDD	Treasurer
W. W. DAVISON	Vice-President	W. L. GREEN	Assistant Secretary
P. L. FAHRNEY	Vice-President	H. L. SEVERANCE	Assistant Secretary
B. W. LETCHER	Vice-President	S. W. SELFRIDGE	Assistant Treasurer
GAGE LUND	Vice-President		

ANNUAL MEETING OF STOCKHOLDERS: FIRST THURSDAY IN MAY, AT THE COMPANY'S
PRINCIPAL BUSINESS OFFICE, STANDARD OIL BUILDING, 225 BUSH ST., SAN FRANCISCO

FINANCIAL RESULTS *(in Brief)*

REVENUES

	1951	1950
Petroleum Sales	\$ 914,113,117	\$ 765,414,846
Other Sales and Operating Revenues	61,264,892	50,204,928
Dividends and Other Income	66,688,926	53,830,912
Total	1,042,066,935	869,450,686

COSTS

Taxes	126,251,592	100,126,309
Wages and Salaries	140,580,195	121,417,706
Purchased Crude Oil	226,315,797	182,267,219
Purchased Products and Merchandise	88,336,128	79,824,881
Other Operating Costs	200,477,548	159,744,027
Depreciation, Depletion and Amortization	86,764,464	75,266,439
Total	868,725,724	718,646,581

CONSOLIDATED NET INCOME \$ 173,341,211 \$ 150,804,105

NET INCOME PER SHARE

(Based on 28,673,192 shares) \$6.05 \$5.26

CASH DIVIDENDS \$ 74,532,059 \$ 71,620,489

TOTAL ASSETS \$1,365,574,023 \$1,232,953,325

LIABILITIES AND RESERVES 295,423,652 261,612,106

STOCKHOLDERS' EQUITY—

at book value \$1,070,150,371 \$ 971,341,219

Annual Report

1951

TO OUR SHAREHOLDERS: In 1951, your Company established new peaks in volume of production, manufacturing operations and sales. For the first time, gross income exceeded one billion dollars. While increased taxes substantially affected the gains from a higher level of operations, the final net income of \$6.05 a share was 15% above the prior year.

At the same time, 1951 presented a variety of operational problems. International dislocations, especially the shut-down of Iran's production and the Korean conflict, placed a particular strain on the oil industry. Your Company, along with other leaders, participated in the worldwide endeavor which met and overcame the problems of supply.

Steadily growing civilian demands and those of our nation's preparedness program are primary motivating factors in your Company's planning for the future. The United States, by far the world's largest user of petroleum products, draws disproportionately upon its domestic oil reserves, as compared with production from the world's total reserves.

Your Company's additions to proven reserves during the year were sufficient to cover its large withdrawals for the period. However, the cost of finding new oil in large quantities increases as the search goes deeper and becomes more complex.

The consequence is that your Company's largest cash requirement is for exploration and oil field development. Most of this is being spent in the United States. These large outlays, as well as those for manufacturing, distribution and other facilities, are vital to the continued success of the Company.

It follows that current earnings are necessarily carrying a larger share of the various replacement costs than has been the case in the past. Depreciation and depletion charges against earnings are based upon historic costs without regard for the decline in the purchasing power of the dollar and are not sufficient to cover replacements. Most oil production profits today, for instance, are from the sale of oil discovered at relatively lower costs some years ago.

Oil prices, for both crude and products, have increased at a much lesser rate than prices and costs generally in the present era of price controls. The natural course of economic change ultimately should correct this disparity.

In presenting this report to you, it would not be complete without a word concerning your Company's more than 32,000 employees. The successes of the year were largely because of their accomplishments. Their loyalty and abilities are among the Company's most valuable assets.

BY ORDER OF THE BOARD OF DIRECTORS

T. S. PETERSEN, *President*

R. G. FOLLIS, *Chairman of the Board*

March 14, 1952

Financial Results

EARNINGS The 1951 net income was \$173,341,211, or \$6.05 a share. This compared with a 1950 net of \$150,804,105, or \$5.26 a share on the basis of the number of shares now outstanding. The year's net included \$1.67 a share in dividends, after taxes, from foreign affiliates. This was \$1.28 in 1950.

During the year 1951 stockholders received \$2.60 a share in dividends. The first quarterly dividend for 1952 was 65 cents a share, plus an extra dividend of 10 cents a share.

EXPENDITURES Expenditures for capital improvements and exploration and development work totaled \$182,000,000, approximately the same as in the previous year. These programs were carried out with funds generated by the business and funds on hand, with no significant change in the Company's borrowing position.

STOCK OWNERSHIP In submitting the stock split plan, which was approved by stockholders on February 1, 1951, the Board of Directors pointed out that it should result in a larger number of shareholders. These numbered nearly 105,000 at the close of the year, an increase of 6,250 in the period. Shares now outstanding total 28,673,192.

FOREIGN AFFILIATES The Company's investment in partially owned affiliates operating in the Eastern Hemisphere was \$14,860,000 at the end of 1951. In addition, our proportionate share of loan guarantees for these companies amounted to \$40,000,000 at that date, a reduction of \$7,500,000 during the year. However, the Company's equity, at book value and without evaluating underground oil reserves, was \$290,500,000.

Our share interest in their 1951 earnings was \$103,286,000. From these earnings we received \$58,969,000 in dividends, or \$47,968,000 after taxes.

TAXES A total of \$126,252,000 was provided for income, property and other taxes levied on 1951 operations, as against \$100,126,000 in 1950. The Company also acted as a tax collecting agency for \$116,639,000 of sales, motor fuel and lubricating oil taxes.

It should be a matter of serious concern to every American that renewed efforts are being made to reduce the percentage depletion provision of the tax law.

Congress has long recognized the need for percentage depletion to provide incentive to search for natural resources and has repeatedly rejected proposals for its reduction or elimination. Today this need is even greater because the cost of finding new reserves is steadily advancing due to increased difficulties in locating new deposits.

Proponents of reduction or elimination of percentage depletion ignore the fact that producers of minerals, oil and gas, consume their mineral deposits as an inevitable consequence of producing income. Generally, conversions of capital assets are taxed at capital gain rates, but conversions of mineral, oil and gas deposits are subjected to normal, surtax and excess profits tax rates. Percentage depletion is essential to equitable tax treatment for the conversions of minerals and oil and gas deposits.

Each new discovery creates new sources of taxation, is vital to national security, and contributes to national prosperity. Over the years our country has profited, not lost, by the percentage depletion provisions.

Domestic Operations

In the following pages of this section are described some of the activities of the various departments of the parent company, Standard Oil Company of California, and a number of its wholly owned subsidiaries.

As an integrated company, the parent engages in all phases of the oil business in the seven Western States, Hawaii, and Alaska. Here are brief descriptions of the subsidiaries referred to:

The California Company is principally an oil producing organization, with its major operations in the Rocky Mountains, Mid-Continent, Eastern States and Gulf Coast of Louisiana.

Standard Oil Company of Texas, operating in Texas and New Mexico, likewise engages mainly in production, although its integrated operations parallel those of the parent.

The California Oil Company, a marketing organization on the Atlantic Seaboard, sells products supplied by California Refining Company, also an East Coast subsidiary operation.

Salt Lake Refining Company has a refinery at Salt Lake City, handling crude oil brought from wells in eastern Utah and Rangely field, Colorado, by Salt Lake Pipe Line Company. The latter also operates a products pipe line to eastern Washington.

California Research Corporation carries on research and technical service for all branches of the Company. Oronite Chemical Company principally sells chemicals derived from petroleum. California Spray-Chemical Corporation makes and sells agricultural pest control products for farm and garden.

American Bitumuls & Asphalt Company is a nationwide organization manufacturing and selling asphalt and emulsified asphalt products.

EXPLORATION AND DEVELOPMENT The search for new oil reserves was one of your Company's most important activities during the year. Success in these efforts not only assures adequate supplies for its own oper-



ations in the coming years, but adds to the nation's reserves for military security and economic progress.

In the United States, your Company drilled 81 exploratory wells of which 18 were completed as commercial successes. These were in addition to 387 wells completed in proved fields.

The California Company conducted geological and geophysical investigations mainly in the States of Pennsylvania, Illinois, North Dakota, South Dakota, Montana, Nebraska, Wyoming, Colorado, eastern Utah, Oklahoma, Arkansas, Louisiana, Mississippi and Alabama. More acreage was leased than in any other year of this subsidiary's history. Leasing activity was particularly high in the Williston Basin in Montana, North Dakota and South Dakota. Of the new fields discovered by The California Company during the year, Red Wash in Uintah County, Utah, and Coquille Bay in Plaquemines Parish, La., appeared to be the most significant.

Pending settlement of the tidelands title problem, The California Company was enjoined by Federal Court order from further developing its fields off the Gulf Coast.

Standard Oil Company of Texas engaged in the most extensive exploratory program in its history. Production from seven new fields in Texas was established during the year. The most significant of these was the Cisco Sand development in the North Snyder area of Scurry County.

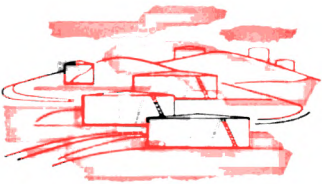
Other West Texas discoveries in which this subsidiary participated included the Hobo, Neva West and Hulldale fields. It also discovered the Etter field in Montague County, in the northern part of the state. Also in north Texas, production was established in a new zone in the Sherman field. A condensate discovery was made in Chambers County on the upper Gulf Coast.

Parent company exploratory activities also were accelerated. Additions to reserves were mainly in extension of productive areas of proven fields. Outside of California, exploration was continued over large areas in Nevada, Idaho and western Utah.

The Company and its wholly owned subsidiaries spent more than \$113,000,000 in exploration and development work during the year, including Canada and South America. Plans for 1952 call for expenditure of approximately \$140,000,000 for these purposes.

Our total crude oil production in the United States during 1951 was 288,500 barrels daily. Added to this was a production of 22,900 barrels of natural gas liquids, making a total field production of 311,400 barrels daily. This compared with the 1950 rate of 297,000 barrels daily.

In 1951, total annual field production east of California exceeded that of California. The California Company produced 113,600 barrels daily and Standard Oil Company of Texas 46,900, for a total of 160,500, as against 150,900 for our California operations.



MANUFACTURING Our domestic refineries ran an average of 374,400 barrels of crude daily, as compared with 297,100 in 1950.

Important improvements and new units were completed during the year and new installations begun. Work was finished on a 50,000-barrel residuum stripper at Richmond, Calif., to convert heavy residual fuel oil into lighter products. One of Richmond's large catalytic cracking units was modified to obtain higher yields of aviation and motor gasoline components, particularly from low gravity crude oils.

Construction was begun on a large aviation gasoline and benzene plant at El Segundo, Calif., refinery, with completion scheduled in 1952.

Demands for chemicals from petroleum are increasing and steps were taken to provide further facilities for their manufacture. A new unit to manufacture para-xylene, a basic material for making synthetic fibers, was completed at Richmond, first of its kind to extract this material from petroleum.

Alkane facilities at Richmond likewise are being expanded, to provide additional capacity for synthetic detergent materials. In addition, work is under way on a phenol plant, first in the West. Phenol is used in the manufacture of lubricating oil and lubricating oil additives, resins and plastics, and plywood adhesives.

The expansion of facilities of the California Refining Company plant at Perth Amboy was finished early in the year. This increased crude runs to more than 60,000 barrels daily. Salt Lake Refining Company also completed a further expansion of its facilities early in the year. This increased refinery runs to 27,000 barrels daily. Work continued on the modernization of the Standard Oil Company of Texas refinery at El Paso.

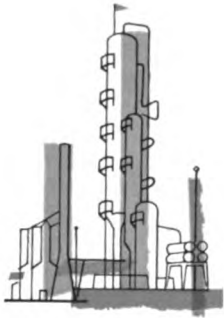
MARKETING The territory in the Pacific West served by the parent company continued to produce our largest marketing volume. Population and industrial growth of this area provided the basis for substantial sales gains. Military requirements also were large.

The upward trend of the past several years was maintained in sales of fuels and lubricants for Diesel-operated equipment, such as locomotives, ships, trucks, buses and farm machinery.

Growth of commercial airline traffic was reflected in our sales of aviation fuels. The Company serves the majority of the airlines in the Pacific West, Alaska and Hawaii.

The new RPM motor oils, placed on the market late in 1950, experienced outstanding customer acceptance. It is of interest to note that the industrial application of atomic energy was an aid in their development.

Largely because of the expansion of the Company's wax-manufacturing facilities, western industry obtains from local sources the supplies of this product it needs for processing paper, milk cartons and other containers.



Closely related to West Coast operations are those of Standard Oil Company of British Columbia Limited, which continued its record of growth in its marketing territory in western Canada. It reported 1951 as the most profitable year since it began business in 1935.

On the East Coast, The California Oil Company established its sales position to the extent that it was able to handle the entire output of the expanded California Refining Company refinery at Perth Amboy, N. J. During the year it began marketing in the State of Delaware. Its operations on the Eastern Seaboard now extend from Maine to Virginia.

Previously separated operations were drawn together in American Bitumuls & Asphalt Company to provide customers with a nation-wide service in the manufacture and marketing of all types of asphalt products. This company operates four asphalt refineries.

CHEMICAL PRODUCTS Our business in chemical products accounted for about 7 per cent of the gross sales of finished products of the parent company and wholly owned subsidiaries. Several of the projects discussed under Manufacturing were undertaken in anticipation of additional demands in this field.

Oronite Chemical Company continued to occupy a position of leadership in the marketing of the petroleum derivative widely used in compounding packaged household detergents and industrial cleaners. This subsidiary is expanding its manufacturing facilities in Louisiana to meet demands for chemical additives for lubricating oils.

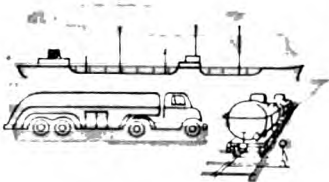
This year saw a rapid gain in sales of para-xylene, which is supplied to Du Pont for its important new fiber, "Dacron." Other products sold by Oronite go into plastics, industrial adhesives, paints and a variety of similar products.

California Spray-Chemical Corporation, with substantial sales increases during 1951, continued its program of expansion in the agricultural field. Six new distribution outlets were established in the United States and one in Puerto Rico. Encouraged by the success of the garden and home sales efforts in the West, this same line was introduced in the East during the year.

TRANSPORTATION Two additional pump stations were constructed by Salt Lake Pipe Line Company to expand capacity of its Salt Lake City-Pasco, Wash., products line to 22,000 barrels daily.

One new 31,000-barrel tanker was added during the year to the fleet operated by the parent company and another, with a 139,000-barrel capacity, was ordered for delivery in 1953.

Our wholly owned subsidiary, California Transport Corporation, placed in operation two new supertankers of 240,000 barrels capacity and ordered another of this same type. A 139,000-barrel tanker was acquired by another subsidiary.





View of a southern California oil field, the West Coyote, one of a number of important producing areas in the State

Twenty-five seagoing tankers were owned at the end of the year by the Company and its wholly owned subsidiaries.

PERSONNEL The close of the year saw 32,339 men and women employed by your Company and its wholly owned subsidiaries. They were located in 44 of the 48 States, Alaska and Hawaii, and in several foreign countries.

Calls to military service took 1,062 employees during the year. This brings to 2,019 the number who have entered the armed services since the start of the Korean conflict. A total of 234 have been released from service and are back in the Company's employ.

During 1951, 245 employees retired under annuity plans. We now have 2,339 annuitants.

RESEARCH Rapid technological advances are characteristic of the oil industry and a broad research program is necessary to keep our Company in a position of leadership.

Research consists not only of finding new products, processes and methods, but it also must be directed toward improvement of existing ones. A long-term basic research program must be included to build a reservoir of scientific knowledge.

California Research Corporation carried out research at a cost of approximately \$5,000,000 during 1951, an increase of 14 per cent over 1950. In addition, substantial technical services were provided for the various operations of the Company and its subsidiaries.

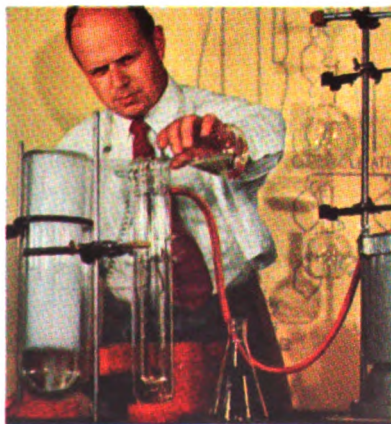
A growing proportion of the recent expansion has been in oil field research, to find new and improved methods of exploration and drilling, and to recover more oil from known fields.

Research on chemicals from petroleum was a focal point during 1951.



Catalytic cracking plant for the manufacture of high octane gasoline, at Richmond, Calif. refinery

Research developed new or improved products and processing procedures



Natural gasoline plant in Kettleman Hills, Calif., for recovery of liquids from gas



Among the advances were improvements in the processing of phthalic anhydride, a petroleum derivative used in plastics and synthetic-based paints.

Work on detergents was pursued intensively to maintain the Company's outstanding position in this chemical field.

An increasingly important tool of modern research is the radioactive tracer. California Research was a pioneer in this field. Use of the tracers to detect boundaries between different products passing through a pipe line, first developed by California Research, has become a routine operation. Last year, it progressed to the use of tracers in refineries to detect faulty operations while the plants remain in operation without shutdowns.

California Research also has been doing research on a contract basis on confidential projects for the Armed Services and the Atomic Energy Commission. In addition, a related company, California Research & Development Company, is devoted solely to AEC work and its operations were expanded considerably during the year.

One of the other functions performed by California Research Corporation is to license the use of patented processes and products to other companies.

Foreign Operations

As part of the extensive program to discover and develop oil production, wholly owned subsidiaries operate in Canada, Venezuela and Colombia, in the Western Hemisphere. In the Eastern Hemisphere, these activities are carried on by partially owned affiliated companies, as reported in detail later in this section.

CANADA The California Standard Company occupies a good position in the unfolding of Canada's oil resources. It has a vast area under investigation, with land holdings of more than 11,000,000 acres. Work is at various stages of progress, ranging from preliminary geological studies to an active development drilling program in Central Alberta and Manitoba. Crews are active as far north as the Northwest Territories, in the Arctic Circle.

The development operations in 1951 were concerned primarily with determining the extent of the Acheson field near Edmonton. Forty wells had been drilled by the close of the year, establishing Acheson as a major oil field, the fourth largest producer in Canada. It is anticipated this field will realize its potentialities as additional outlets for Canadian oil are provided.

In the Daly region of Manitoba, California Standard has discovered oil in four widely-spread areas. Present operations are directed toward solving the problem of production and determining the economic value of the reserves.

SOUTH AMERICA Our principal Venezuelan subsidiary, Richmond Exploration Company, continued development drilling in the Boscan field.



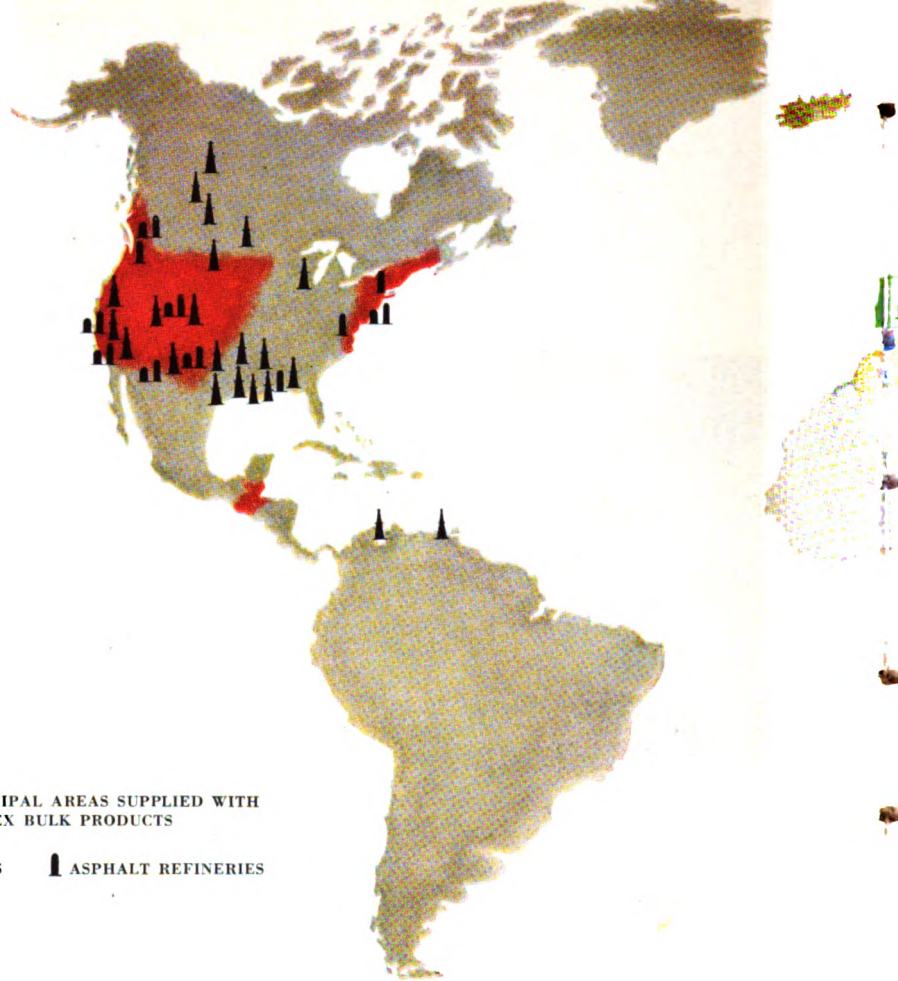
Drilling barge in the Mississippi River delta region of Louisiana



In the Rockies. A producing well in the Wilson Creek field, Colorado



In Canada. An exploratory drilling rig seeking oil in northern Alberta



PRINCIPAL MARKETING AREAS
IN WESTERN HEMISPHERE



PRINCIPAL DIRECT MARKETING
AREAS SUPPLIED BY CALTEX



PRINCIPAL AREAS SUPPLIED WITH
CALTEX BULK PRODUCTS



PRODUCTION—EXPLORATION



REFINERIES



ASPHALT REFINERIES

STANDARD OIL COMPANY OF CALIFORNIA AND

FIGURES IN PARENTHESES ARE COMPANY VOTING INTEREST (%)

STANDARD OIL COMPANY OF CALIFORNIA Exploration, Producing,
Transporting, Refining and Marketing

STANDARD STATIONS, INC. (100) Service Station Management

ORONITE CHEMICAL COMPANY (100) Chemicals

CALIFORNIA SPRAY-CHEMICAL CORPORATION (100) Agricultural Sprays

AMERICAN BITUMULS & ASPHALT COMPANY (100) Refining and Marketing
Asphalts and Asphalt Emulsions

PACIFIC PUBLIC SERVICE COMPANY (38.23) This Company and Subsidiaries
Produce, Transport and Market Gas,
Electricity and Bottled Waters

HUNTINGTON BEACH COMPANY (63.64) Oil Royalties and Land

LOMITA GASOLINE COMPANY (78.41) Natural Gasoline

MURVALE OIL COMPANY (100) Producing

STANDARD PIPE LINE COMPANY (100) Oil Transportation

STANDARD GAS COMPANY (100) Oil and Gas Transportation

CALIFORNIA RESEARCH CORPORATION (100) Research and Development

CALIFORNIA RESEARCH & DEVELOPMENT COMPANY (100) Research for U.S.
Atomic Energy Commission

THE CALIFORNIA COMPANY (100) Exploration, Producing and Marketing

THE CALIFORNIA OIL COMPANY (100) Marketing

CALIFORNIA REFINING COMPANY (100) Refining

CALIFORNIA TANKER COMPANY (100) Marine Transportation and Marketing

POCAHONTAS TERMINAL CORPORATION (50) Oil Terminal

STANDARD OIL COMPANY OF TEXAS (100) Exploration, Producing,
Refining and Marketing

PASOTEX PIPE LINE COMPANY (100) Oil Transportation

COL-TEX REFINING COMPANY (62.50) Producing, Refining and Marketing

CALIFORNIA COMMERCIAL COMPANY, INC. (100) Service Company

SALT LAKE PIPE LINE COMPANY (100) Oil Transportation

SALT LAKE REFINING COMPANY (100) Refining

AMERICAN GILSONITE COMPANY (50) Gilsonite

PRINCIPAL AREAS OF OPERATION

*California, Washington, Oregon,
Arizona, Nevada, Idaho, Utah,
Hawaii and Alaska*

Seven Western States

United States and Foreign

United States and Foreign

United States and Puerto Rico

California

California

California

California

California

California

California

California

*Rocky Mountain, Central, Eastern and
Southeastern States*

Eastern United States

New Jersey

United States and Foreign

Portland, Maine

Texas and New Mexico

Texas

Texas

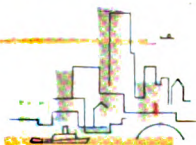
New York and Washington, D.C.

Utah, Colorado, Idaho, Oregon and Washington

Utah

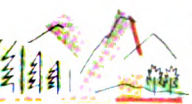
Utah and Colorado

UNITED STATES





INTERNATIONAL SUBSIDIARY AND AFFILIATED COMPANIES



CANADA

STANDARD OIL COMPANY OF BRITISH COLUMBIA LIMITED (100)	Refining and Marketing
THE CALIFORNIA STANDARD COMPANY (100)	Exploration and Producing

Western Canada
Western Canada

CENTRAL & SOUTH AMERICA



COMPAÑIA COMERCIAL CALIFORNIA, S.A. (96)	Service and Marketing
COMPAÑIA PETROLERA CALIFORNIA, LTD. (100)	Marketing
RICHMOND PETROLEUM COMPANY OF CALIFORNIA (100)	Exploration Investigations
RICHMOND PETROLEUM COMPANY OF COLOMBIA (100)	Exploration
RICHMOND EXPLORATION COMPANY (100)	Exploration and Producing

Mexico
Guatemala and El Salvador
Foreign
Colombia
Venezuela

MIDDLE EAST & FAR EAST



ARABIAN AMERICAN OIL COMPANY (30)	Exploration, Producing and Refining
TRANS-ARABIAN PIPE LINE COMPANY (30)	Oil Transportation
THE BAHREIN PETROLEUM COMPANY LIMITED (50)	Exploration, Producing and Refining
N.V. CALTEX PACIFIC PETROLEUM MAATSCHAPPIJ (50)	Exploration and Producing
FAR PACIFIC INVESTMENTS, INC. (50)	Investments

Saudi Arabia
Middle East
Bahrein Island (Persian Gulf)
Indonesia
Netherlands New Guinea

OTHER FOREIGN AREAS



INTERNATIONAL BITUMEN EMULSIONS CORPORATION (100)	Asphalt Emulsions
CALMARA OIL COMPANY (100)	Marketing
CALIFORNIA TRANSPORT CORPORATION (100)	Marine Transportation and Marketing
MID-EAST CRUDE SALES COMPANY LIMITED (50)	Crude Marketing
AMERICAN OVERSEAS PETROLEUM LIMITED (50)	Exploration
OVERSEAS TANKSHIP CORPORATION (50)	Marine Transportation
CALIFORNIA TEXAS OIL COMPANY, LIMITED (50)	Management of Marketing Affiliates
CALTEX (U.K.) LIMITED (50)	Marketing
CALTEX OIL PRODUCTS COMPANY (50)	Marketing
CALTEX OCEANIC LIMITED (50)	Marketing
UNITED OVERSEAS PETROLEUM COMPANY LIMITED (50)	Service Company
CALIFORNIA TEXAS CORPORATION (50)	Owns Stocks

*North and South America
and Pacific area*
Eastern United States and Foreign
Foreign
Foreign
Eastern Hemisphere
Foreign Commerce
Eastern Hemisphere
Foreign
Foreign
Foreign
England and Continental Europe
*Subsidiaries of this Company market
throughout the Eastern Hemisphere
except in Russia, Central Europe
and portions of West Africa.*

west of Lake Maracaibo. Thirteen producing wells were completed in 1951, bringing the total to 58 producers in this field. Additional drilling is planned to increase production capacity substantially, in anticipation of larger demands for this heavy crude. Preparations are under way to drill an exploratory well in eastern Venezuela, where this company holds a large block of acreage close to an area of proved production.

Geological and geophysical work was conducted on a broad scale elsewhere in Venezuela. In Colombia, one exploratory well was being drilled, with a second planned in that country.

ARABIAN AMERICAN OIL COMPANY Aramco, in which your Company has a 30 per cent interest, increased its crude production to a new high average of 896,700 barrels daily for November and averaged 761,500 barrels daily for the year. It is now the world's largest crude producing company. Refinery operations were at accelerated rates, reaching a peak of 179,200 barrels daily for the month of September and averaging 159,200 barrels daily for the year.

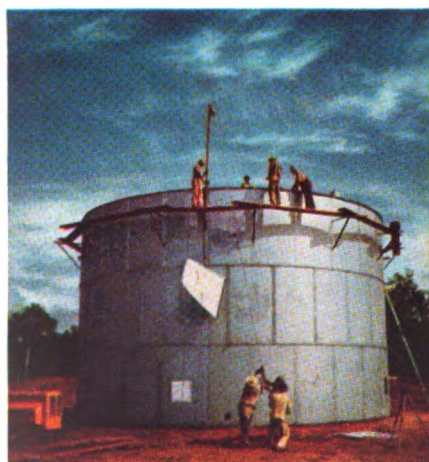
Since January 1, 1950, the Saudi Arabian Government has been receiving royalties, rentals, taxes and other charges payable, in an amount equal to the company's net income after taxes. This has tended to stabilize relations with the Saudi Arabian Government.

Aramco in 1951 invested substantial sums in crude oil handling and manufacturing installations, in exploration and development, and in housing and industrial facilities. Larger capital expenditures distributed among these categories are planned for 1952.

Two new discoveries and the extension of an existing field added substantially to the proved reserves in Saudi Arabia.

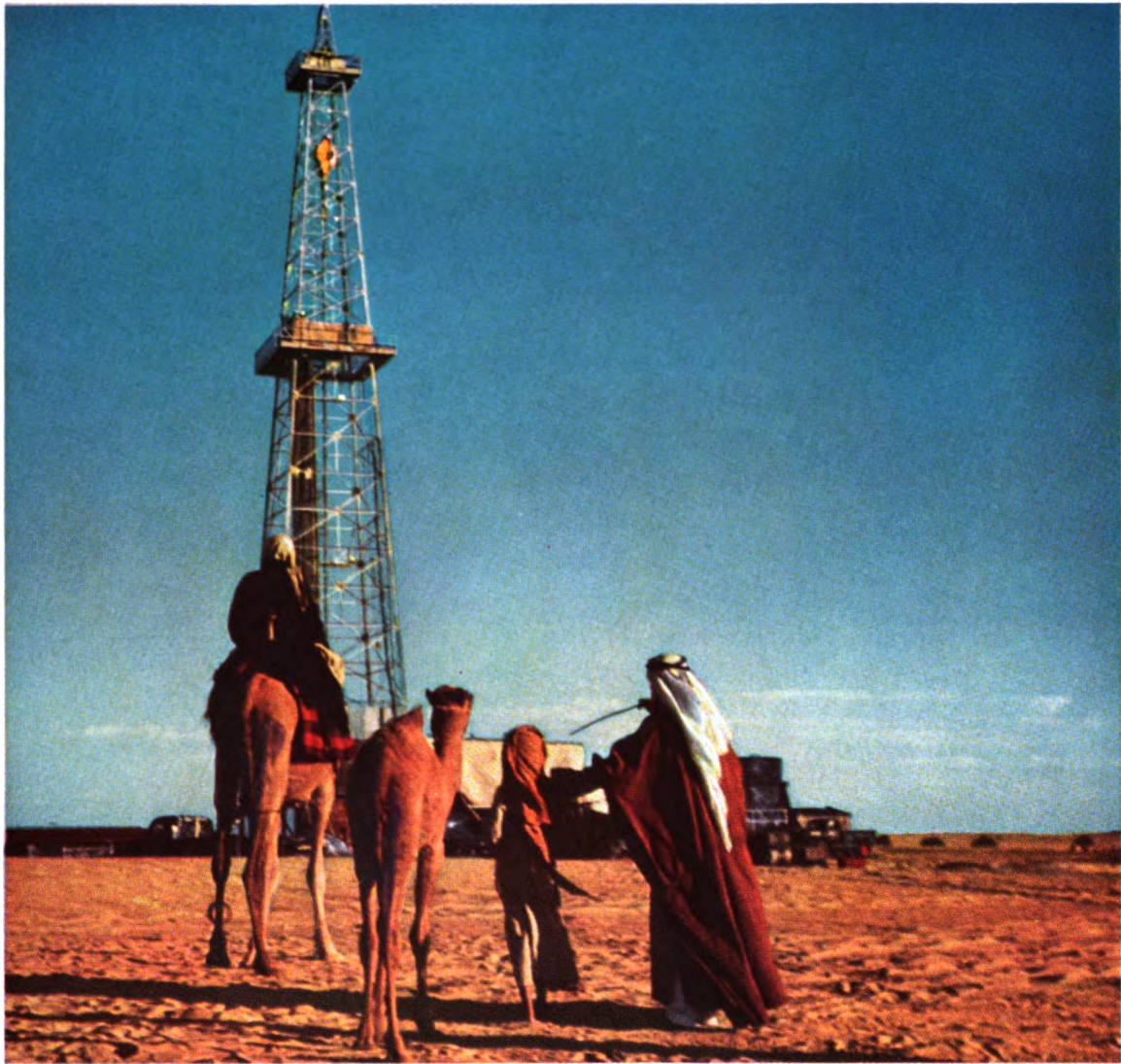
TRANS-ARABIAN PIPE LINE COMPANY Tapline, 30 per cent owned, experienced its first complete year of operation. Despite the difficul-

In Venezuela, erecting a tank for the storage of crude oil in a producing field



In Sumatra, building terminal on the Siak River for pipe line from the Minas field





In Saudi Arabia, where production last year made Aramco the largest crude oil producing company in the world

ties attendant upon the starting up of an operation of such magnitude, it quickly reached capacity and averaged 295,000 barrels daily throughput during the year. This operation has fulfilled the expectations that led to its construction. The line is one of the most strategic in the world's oil distribution systems.

BAHREIN-CALTEX The Caltex companies, in which your Company owns a 50 per cent interest, market or distribute petroleum products in virtually every major country in the Eastern Hemisphere outside of the Iron Curtain. They also are refiners and are engaged in oil exploration and production activities.

The Bahrein Petroleum Company Limited, a member of this group, averaged crude oil production of 30,100 barrels daily. The Bahrein refinery,

and other refineries owned by or in which Caltex has an interest, processed a total of 253,000 barrels daily.

During the year, Caltex acquired a half interest in three refineries in Japan. Construction is proceeding in Italy on a refinery in which Caltex has a 50 per cent interest. Refinery projects also have been approved for construction in Australia and the Philippines.

Caltex has undertaken a joint exploration venture in western Australia. If successful, it will be of considerable importance both to the economy of Australia and in supplementing present crude supplies of Caltex.

Development of Caltex oil field properties in Sumatra continued. With completion of pipe line and other shipping facilities, together with further drilling, the Minas field by mid-1952 is expected to add about 40,000 barrels daily of new production for world markets.

At the end of 1951, companies affiliated with the Caltex group managed a fleet of some 79 tankers, of which 44 were owned vessels and the remainder were operated under charter. Two new vessels were launched and nine additional large ships and three shallow-draft tankers are being built. This is one of the world's largest tankship operations.

Export shipments of oil products on the dock at Long Wharf, the shipping terminal at the Richmond, California refinery

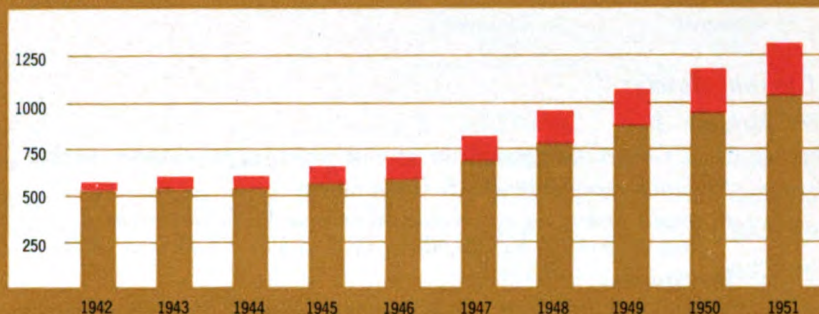


Charts of Progress . . . 1942-1951 Inclusive

STOCKHOLDERS' EQUITY

- Foreign affiliates
(50% owned or less)
- Parent company and
wholly owned subsidiaries

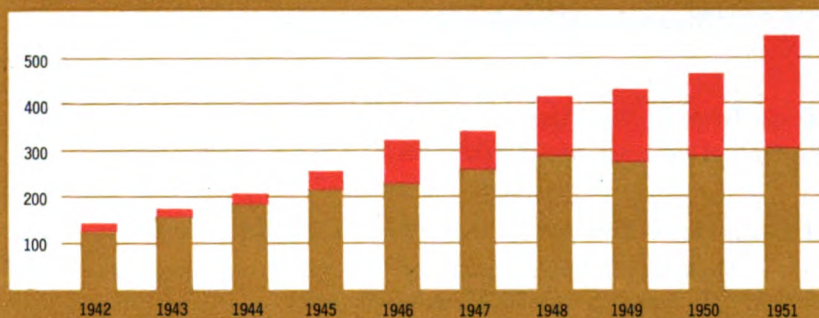
Millions of Dollars



GROSS CRUDE OIL PRODUCTION

- The Company's share
of foreign affiliates
(50% owned or less)
- Parent company and
wholly owned subsidiaries

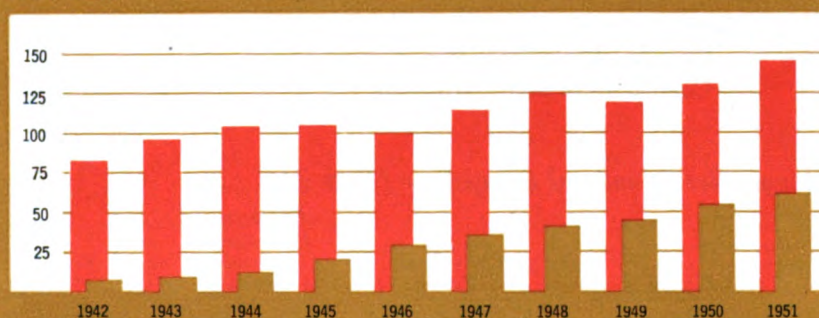
Thousands of Barrels per day



SALES OF CRUDE OIL AND PRODUCTS

- Products
- Crude Oil
- Parent company and
wholly owned subsidiaries

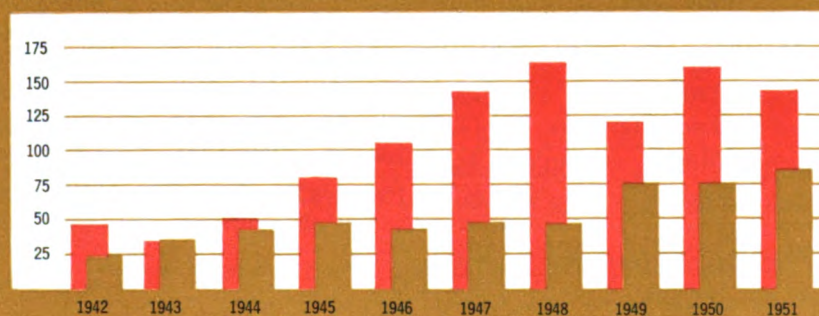
Millions of Barrels



CAPITAL EXPENDITURES

- DEPRECIATION,
DEPLETION AND
AMORTIZATION
- Parent company and
wholly owned subsidiaries

Millions of Dollars



STANDARD OIL COMPANY

Consolidated

ASSETS

	December 31 1951	December 31 1950
<i>Current Assets:</i>		
Cash	\$ 67,502,847	\$ 66,585,373
U. S. Government securities, at cost which approximates market	119,875,822	77,358,493
Accounts receivable—U. S. Government	11,510,313	8,335,968
Accounts and notes receivable other than U. S. Government (less reserves of \$2,325,000 in 1951 and \$1,750,000 in 1950)	97,996,472	84,754,832
<i>Inventories:</i>		
Crude oil and products, at cost (on last-in, first-out basis), which is below market	69,921,407	65,846,351
Other merchandise, at cost	10,723,563	8,170,569
Materials and supplies, at or below cost	32,129,137	23,377,395
	<u>409,659,561</u>	<u>334,428,981</u>
<i>Long Term Receivables</i> (less reserves of \$105,000 in 1951 and \$70,000 in 1950)	6,397,983	5,726,866
<i>Investments in Companies Not Wholly Owned (At or Below Cost):</i>		
Operating in foreign countries:		
Companies over 50% owned (Note 2)	185,475	438,558
Companies owned 50% or less	16,347,664	15,563,544
	<u>16,533,139</u>	<u>16,002,102</u>
Operating in the United States:		
Companies over 50% owned (Note 2)	8,424,516	2,862,486
Companies owned 50% or less	6,946,341	7,120,641
	<u>15,370,857</u>	<u>9,983,127</u>
<i>Properties, Plant and Equipment (Note 3):</i>		
	<i>Depreciation, Depletion and Amortization Reserves</i>	
<i>Classification</i>	<i>Gross Book Value</i>	<i>Net Book Value</i>
Producing . . . \$	978,908,048	\$475,889,688
Natural Gasoline . . .	22,092,029	11,331,204
Pipe Line . . .	65,582,992	30,516,940
Manufacturing . . .	299,574,101	121,096,628
Marine . . .	79,437,463	14,586,705
Marketing . . .	129,470,842	52,001,984
Motor Transport . . .	17,786,043	8,014,187
Other	31,611,680	7,533,227
Total	<u>\$1,624,463,198</u>	<u>\$720,970,563</u>
		<u>\$903,492,635</u>
<i>Prepaid and Deferred Charges</i>	14,119,848	14,336,283
	<u>\$1,365,574,023</u>	<u>\$1,232,953,325</u>

ANY OF CALIFORNIA

Balance Sheet

LIABILITIES

	December 31 1951	December 31 1950
<i>Current Liabilities:</i>		
Accounts payable	\$ 62,776,162	\$ 60,741,063
Long term debt due within one year	3,834,280	1,160,768
Accrued interest on long term debt	556,368	567,233
Motor fuel taxes payable	6,840,525	6,357,050
Federal excise taxes payable	3,451,905	2,537,539
Federal and other taxes based on income (estimated) (Note 4) . .	86,518,127	60,018,654
Other accrued taxes payable	13,215,692	13,121,262
	<u>177,193,059</u>	<u>144,503,569</u>
<i>Long Term Debt:</i>		
Standard Oil Company of California:		
1.85% Loans from banks due August 1, 1958	50,000,000	50,000,000
Purchase obligation due annually to 1961	4,801,727	—
Subsidiary Companies:		
California Transport Corporation 2¾% Notes due annually to 1961	22,500,000	25,000,000
Salt Lake Pipe Line Company 2% to 2¾% Notes due in varying amounts to 1960	17,200,000	17,962,500
Other	—	2,248,031
	<u>94,501,727</u>	<u>95,210,531</u>
<i>Reserves:</i>		
General insurance	19,123,186	18,350,214
Contingencies—prior years' taxes based on income, etc. (Note 4) .	4,605,680	3,547,792
	<u>23,728,866</u>	<u>21,898,006</u>
	295,423,652	261,612,106
<i>Capital Stock and Surplus:</i>		
Capital stock—no par value (Note 5)	358,414,900	358,414,900
	<u>1951</u>	<u>1950</u>
Shares authorized	40,000,000	20,000,000
Shares issued	28,673,192	14,336,596
Capital surplus	213,321,864	213,321,864
Earned surplus	498,413,607	399,604,155
	<u>1,070,150,371</u>	<u>971,341,219</u>
	<u>\$1,365,574,023</u>	<u>\$1,232,953,325</u>

Consolidated Statement of Income

<i>Gross Income:</i>		
Sales of products and services	\$ 975,378,009	\$815,619,774
Dividends from companies owned 50% or less operating in foreign countries (Note 2)	58,968,783	47,884,120
Dividends from other companies (Note 2)	2,987,008	2,160,610
Other income	4,733,135	3,786,182
	<u>1,042,066,935</u>	<u>869,450,686</u>
<i>Expenses:</i>		
Cost of products sold and other operating expenses	620,012,518	517,251,267
Depreciation, depletion and amortization	86,764,464	75,266,439
Exploration, delay rental and unproductive well costs (Note 3)	33,331,253	22,032,738
Taxes, other than taxes based on income	37,751,592	34,026,309
Federal and other taxes based on income (estimated) (Note 4)	88,500,000	66,100,000
Interest on long term debt	2,101,982	2,924,174
Miscellaneous	263,915	1,045,654
	<u>868,725,724</u>	<u>718,646,581</u>
<i>Net Income</i>	<u>\$ 173,341,211</u>	<u>\$150,804,105</u>

Consolidated Statement of Earned Surplus

<i>Balance at Beginning of Year</i>	\$399,604,455	\$320,420,839
<i>Net Income for Year</i>	173,341,211	150,804,105
<i>Cash Dividends</i>	(74,532,059)	(71,620,489)
<i>Balance at End of Year</i>	<u>\$498,413,607</u>	<u>\$399,604,455</u>

Notes to Financial Statements

1. PRINCIPLES OF CONSOLIDATION

The accounts of all wholly owned subsidiary companies are included in the consolidated financial statements. Items recorded in foreign currencies have been expressed in United States dollars as follows: Current and working assets and liabilities have been converted at rates of exchange in effect at the close of the year, and investments and fixed assets at rates in effect when acquired. Income, costs and expenses have been converted at average rates of exchange during the year, except depreciation, depletion and amortization which have been calculated on the United States dollar cost of properties. Unrealized profits or losses from conversion of items as described above are included in the statement of income.

2. COMPANIES NOT WHOLLY OWNED

The Company's interest in undistributed profits of unconsolidated companies over 50% owned has increased \$1,991,605 (net) since acquisition; its interest in their 1951 profits exceeded dividends received from them during the year by \$57,504.

The Company's interest in the estimated 1951 profits of companies owned 50% or less operating in the Eastern Hemisphere exceeded dividends received from such companies during the year by \$44,317,355.

Undistributed profits which may be received as dividends from the above companies will be subject to taxes under laws prevailing at the time of distribution.

3. PROPERTIES, PLANT AND EQUIPMENT

Properties, plant and equipment are carried at values approved by the Directors at organization in 1926, plus subsequent additions at cost (less reserves).

Exploration expenditures resulting in the acquisition or retention of properties are capitalized, while

the remainder is charged to expense. Costs of wells capable of producing are capitalized, and costs of unproductive wells are charged to expense.

4. TAXES

Provision for Federal and other taxes based on income for 1951 includes estimated excess profits tax of \$6,700,000.

The amount of additional liability for Federal and other taxes on this and prior years' income, which may result from the final interpretation of tax laws and regulations, is not presently determinable. The reserve of \$4,605,680 at December 31, 1951 together with \$6,000,000 on deposit with the Collector of Internal Revenue (which deposit has been charged to the reserve but may be applied by the Company to any Federal tax liability) should be more than sufficient to meet any additional liability for Federal and other taxes based on income.

No provision has been made for income taxes which may be payable on future distributions from surplus of wholly owned subsidiary companies included in the consolidated statement of earned surplus.

5. CAPITAL STOCK

At a special meeting on February 1, 1951 the stockholders approved an increase in the authorized capital stock from 20,000,000 to 40,000,000 shares of no par value and a two-for-one stock split. No change in the aggregate amount of capital represented by the outstanding shares of capital stock of the Company and no change in the Company's surplus accounts resulted from the stock split.

6. RETIREMENT PLANS

At December 31, 1951 the balance of the companies' contributions and related investment income, under various retirement plans, held by trust companies in the form of cash and securities (at cost)

together with \$3,584,940 included in liabilities at that date and since paid, amounted to \$75,461,633. Contractual liabilities of the companies at that date were estimated to be approximately \$71,400,000.

During the year a total of \$8,775,749 was charged against income in connection with retirement plans. This amount exceeded by approximately \$1,000,000 the estimated accrual, including interest, for services during the year of active employees under the plans.

Contractual liabilities of the companies at December 31, 1951 do not include potential liabilities as to employees who had not attained the years of credited service required for vested rights to annuities, since their benefits under the plans may be modified or terminated under certain conditions. (Such potential liabilities are estimated at

\$27,000,000 based on actuarial assumptions as to mortality, turnover, interest, etc.)

7. CONTINGENT LIABILITIES

At December 31, 1951 the Company had contingent liabilities of \$47,700,000 as guarantor of notes of companies owned 50% or less operating in foreign countries.

The Company and its subsidiaries have certain other contingent liabilities (in addition to those in Notes 4 and 6) in respect of litigation, claims, renegotiation, commitments and as guarantor of notes and contracts. Officials of the Company are of the opinion that such contingent liabilities will not result in any significant financial liability in relation to the net assets of the Company and its subsidiaries.

Report of Independent Public Accountants

To the Board of Directors of

Standard Oil Company of California:

In our opinion, the accompanying consolidated balance sheet and the related statements of income and earned surplus, together with the notes thereto, present fairly the position of Standard Oil Company of California and wholly owned subsidiary companies at December 31, 1951 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of such financial statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

San Francisco, March 14, 1952

Change in Working Capital

	<u>Dec. 31, 1951</u>	<u>Dec. 31, 1950</u>	<u>Increase</u>
Cash and U. S. Government securities	\$187,378,669	\$143,943,866	\$ 43,434,803
Accounts and notes receivable	109,506,785	93,090,800	16,415,985
Inventories of crude oil and products	69,921,407	65,846,351	4,075,056
Other inventories	42,852,700	31,547,964	11,304,736
Total current assets	<u>409,659,561</u>	<u>334,428,981</u>	<u>75,230,580</u>
Total current liabilities	<u>177,193,059</u>	<u>144,503,569</u>	<u>32,689,490</u>
Working capital	<u>\$232,466,502</u>	<u>\$189,925,412</u>	<u>\$ 42,541,090</u>
Ratio of current assets to current liabilities	2.3 to 1	2.3 to 1	

Sources and Disposition of Cash*

Funds Obtained from Operations

Net income for year	\$173,341,211	\$150,804,105
Charges against income not requiring cash—provision for depreciation, depletion and amortization	<u>86,764,464</u>	<u>75,266,439</u>
Total	<u>260,105,675</u>	<u>226,070,544</u>

Funds Disbursed in Operations

Expenditures for fixed assets	\$143,450,870	\$160,800,692
Cash dividends paid to stockholders	74,532,059	71,620,489
Changes in working capital (other than cash*) and miscellaneous	<u>(2,020,861)</u>	<u>(27,276,259)</u>
Total	<u>215,962,068</u>	<u>205,144,922</u>

<i>Increase in Cash* from Operations</i>	\$ 44,143,607	\$ 20,925,622
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Changes in Long Term Debt

Parent company—increase or (reduction)	\$ 4,801,727	\$(50,000,000)
Subsidiary companies—increase or (reduction)	<u>(5,510,531)</u>	<u>4,975,483</u>
Net Change	<u>(708,804)</u>	<u>(45,024,517)</u>

<i>Increase (Decrease) in Cash*</i>	<u>\$ 43,434,803</u>	<u>\$(21,098,895)</u>
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* Includes U. S. Government securities.

Five Years of Operating Statistics

PARENT COMPANY AND WHOLLY OWNED SUBSIDIARIES

<i>Operations During the Year</i>	1964	1960	1949	1948	1947
Gross Production of Crude Oil (including royalty)—(barrels):					
California	50,835,095	51,194,560	57,335,793	65,376,270	63,580,090
Other States	54,479,325	49,385,333	43,160,679	39,623,382	32,452,351
Foreign	6,112,175	4,965,013	1,785,182	744,842	454,700
Total Crude Oil	111,426,595	105,544,906	102,281,654	105,744,494	96,487,141
Natural Gas Liquids	8,332,537	7,835,752	7,654,297	6,537,084	4,810,494
Total Liquid Hydrocarbons	119,759,132	113,380,658	109,935,951	112,281,578	101,297,635
Barrels Daily	328,107	310,632	301,194	306,780	277,528
Net Production of Liquid Hydrocarbons—(barrels daily):					
Crude Oil	273,502	258,435	254,043	270,450	245,786
Natural Gas Liquids	20,884	19,547	19,116	17,257	12,373
Total	294,386	277,982	273,159	287,707	258,159
Purchases of Crude Oil (excluding royalty)—(barrels):					
California	46,113,744	41,578,763	39,831,731	43,427,963	39,545,691
All Other	45,938,115	29,492,288	19,653,380	17,964,609	13,627,598
Total	92,051,859	71,071,051	59,485,111	61,392,572	53,173,289
Oil and Gas Wells Drilled—(producers) *	460	421	383	652	453
Production of Natural Gas (including royalty)—(1,000 cu. ft.)	148,481,660	162,220,656	159,654,547	168,649,496	141,523,656
Refinery Runs of Crude Oil—(barrels)	138,515,189	110,457,378	111,554,922	114,357,782	100,419,302
Sales of Crude Oil and Products— (barrels)	210,395,995	188,439,931	164,921,446	165,921,373	150,078,875
Sales of Natural Gas—(1,000 cu. ft.)	87,403,369	113,834,252	117,118,776	113,137,874	92,632,760
Total Payroll (including construction payroll)—(dollars)	151,712,267	131,763,785	131,057,481	129,632,779	107,895,551
<i>Year End Data</i>					
Inventories of Crude Oil and Products—(barrels)	33,166,131	31,790,618	33,554,437	31,847,195	25,107,386
Producing Oil and Gas Wells:*					
California	4,991	4,802	4,211	4,726	4,375
All Other	1,916	1,696	1,468	1,322	1,131
Total	6,907	6,498	5,679	6,048	5,506
Number of Employees	32,339	30,671	29,846	31,983	31,252
Number of Stockholders	104,857	98,605	94,691	91,247	90,850

* On basis of Company's net interest in all wells in which it has an equity.

TRANSFER AGENTS: Standard Oil Company of California, Standard Oil Building, San Francisco 20, California; The Chase National Bank of the City of New York, 11 Broad Street, New York 15, N. Y.

REGISTRARS: The Anglo California National Bank of San Francisco, 1 Sansome Street, San Francisco 20, California; The National City Bank of New York, 55 Wall Street, New York 15, N. Y.

